



4510-24-P

DEPARTMENT OF LABOR

Bureau of Labor Statistics

Proposed Collection; Comment Request

AGENCY: Bureau of Labor Statistics, Department of Labor.

ACTION: Notice of information collection; request for comment.

SUMMARY: The Department of Labor, as part of its continuing effort to reduce paperwork and respondent burden, conducts a pre-clearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995. This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. The Bureau of Labor Statistics (BLS) is soliciting comments concerning the proposed extension without change of a currently approved collection for the "Producer Price Index" survey. A copy of the proposed information collection request (ICR) can be obtained by contacting the individual listed below in the Addresses section of this notice.

DATES: Written comments must be submitted to the office listed in the Addresses section of this notice on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Send comments to Nora Kincaid, BLS Clearance Officer, Division of Management Systems, Bureau of Labor Statistics, Room 4080, 2 Massachusetts Avenue, N.E., Washington, D.C. 20212. Written comments also may be transmitted by email to BLS_PRA_Public@bls.gov.

FOR FURTHER INFORMATION CONTACT: Nora Kincaid, BLS Clearance Officer, at 202-691-7628 (this is not a toll free number). (See Addresses section.)

SUPPLEMENTARY INFORMATION:

I. Background

The Producer Price Index (PPI), one of the Nation's leading economic indicators, designated as a Principal Federal Economic Indicator. The PPI consists of a family of indexes that measures the average change over time in the selling prices received by domestic producers of goods and services. About 10,000 PPIs for individual products and groups of products are released each month. PPIs are available for the output of nearly all industries in the goods-producing sectors of the U.S. economy— mining, manufacturing, agriculture, fishing, and forestry— as well as natural gas, electricity, construction, and goods competitive with those made in the producing sectors, such

as waste and scrap materials. The PPI data are widely used by the business community as well as by government. In particular the data are used as an economic indicator playing a crucial role in market analysis, as a deflator of other economic series, the basis for the calculation of price adjustments for contracts and purchase agreements and as an input to economic research. These uses highlight the necessity of the PPI in order to understand the economy.

PPI data meets a wide range of government needs by providing a description of the magnitude and composition of price changes within the economy. Government agencies view these indexes as sensitive indicators of the economic environment and closely follow each monthly release of statistics. PPI data are vital in helping the President and Congress set fiscal spending targets. The Federal Reserve Board Open Market Committee monitors producer prices to help determine monetary policy. Federal policy makers at the Department of the Treasury and the Council of Economic Advisors utilize these statistics to help interpret the economic environment and make decisions based upon these interpretations. Many dollar-denominated measurements of economic performance, such as the Gross Domestic Product (GDP), require accurate price data for the conversion of nominal dollars into real dollars. National income accounting figures must also be inflation free in order to remain relevant to fiscal and monetary policy makers setting objectives. Price adjustment clauses in government purchasing contracts commonly

use one or more PPIs. According to a conservative estimate hundreds-of-billions of dollars' worth of contracts and purchase agreements employ PPIs as part of price adjustment clauses. Failure to calculate these price data would prolong the time frame needed for accurate recognition of and appropriate adaptation to economic events.

The private sector also makes extensive use of PPI data. Researchers commonly use producer prices to probe and measure the interaction of market forces. Private firms use PPIs for contract escalation and price adjustment. The Internal Revenue Service (IRS) recommends using PPI data for certain kinds of tax related inventory accounting, such as Last-In-First-Out (LIFO). Private businesses extensively use PPIs for planning and operations. Firms often compare the prices they pay and receive with changes in appropriate PPIs.

Economic researchers and forecasters also put PPIs to regular use. They use PPI data to better understand market forces. Research topics requiring producer price data include studying elasticities, potential lead and lag structures within price changes, and the identification of prices that demonstrate tremendous influence throughout the economy if they change. Policy-makers, businesses, and researchers all require complete descriptions of price change trends if they are to perform effectively and efficiently.

The expansive coverage of PPIs makes it very valuable to the users described above as well as many others.

II. Current Action

Office of Management and Budget clearance is being sought for the extension of the PPI survey.

The PPI collection is not a one-time project with an end date. The purpose of the PPI collection is to accumulate data for the ongoing, monthly publication of the PPI family of indexes. The Bureau of Labor Statistics must continue collecting data for the PPI since both policy and business planning benefit from accurate, timely, and relevant description of price trends. Legislators and government agencies use the PPI to assist them with developing policy and evaluating the markets. Dollar-denominated measures of economic performance, such as Gross Domestic Product, require accurate price data in order to convert nominal to constant-dollar values. Inflation-free national income accounting figures are vital to fiscal and monetary policy-makers when setting objectives and targets. The price adjustment clauses of purchase agreements use monthly PPIs. It is conservatively estimated that hundreds-of-billions of dollars' worth of contracts and purchase agreements employ PPIs as part of price-adjustment clauses. Failure to provide current accurate monthly statistics would necessitate more complex clauses in contracts and prolong the time required to determine price changes for purposes of contract adjustments.

III. Desired Focus of Comments

The Bureau of Labor Statistics is particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility.
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submissions of responses.

Title of Collection: Producer Price Index Survey

OMB Number: 1220-0008

Type of Review: Extension without change of a currently approved collection

Affected Public: Private Sector

	Total	Frequency	Total	Average Time	Estimated Total
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Form	Respondents		Responses (per year)	per Response	Burden
BLS 1810A, A1, B, C, C1, and E	4,305	once	4,305	120 minutes	8,610 hours
	Subset of 4,305 initiation respondents (Approximately 8%)	once	340	15 minutes	85 hours
BLS IDCF	11,640	monthly	735,000	5 minutes	61,250 hours
TOTALS	15,945		739,645		69,945 hours

**For monthly repricing, PPI requests repricing of 61,250 items each month.*

Comments submitted in response to this notice will be summarized and/or included in the request for Office of Management and Budget approval of the information collection request; they also will become a matter of public record.

Signed at Washington, D.C., this 2nd day of June 2020.

Mark Staniorski,
Chief, Division of Management Systems.

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